

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA
CRIMINAL DIVISION
VENUE: SAN FRANCISCO

FILED
05 AUG 24 PM 4:17
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

v.

Mary Ann Locke,
a/k/a Mary Ann Diaz,

E-Filing

CRB

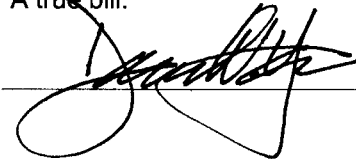
CR 05 00542

DEFENDANT.

INDICTMENT

Title 18, U.S.C. § 1033- Crimes by Person Engaged in Business of Insurance;
18 U.S.C. § 1343 - Wire Fraud; 18 U.S.C. § 1957 - Money Laundering; 18
U.S.C. § 2 - Aiding and Abetting; 18 U.S.C. § 981(a)(1)(C) - Criminal Forfeiture

A true bill.



Foreman

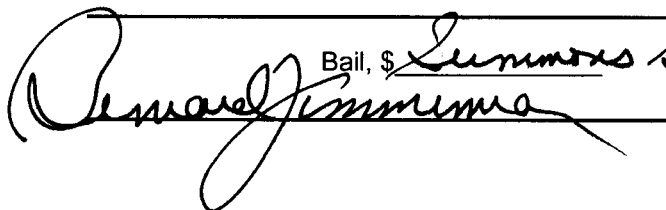
Filed in open court this 24th day of

August, 2005



Clerk

Bail, \$



Summons shall come
for Aug 29
2005 at
930 am

CRB

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPERSEDING

OFFENSE CHARGED

Title 18, U.S.C. § 1033 - Crimes by Person
 Engaged in Business of Insurance; 18 U.S.C. §
 1343 - Wire Fraud; 18 U.S.C. § 1957 - Money
 Laundering; 18 U.S.C. § 2 - Aiding and Abetting;
 18 U.S.C § 981(a)(1)(C) - Criminal Forfeiture

☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony

PENALTY:

See Attachment

E-Filing

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

IRS and FBI

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21 or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

SHOW
DOCKET NO.

☐ U.S. Att'y ☐ Defense

☐ this prosecution relates to a pending case involving this same defendant

MAGISTRATE
CASE NO.

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person
Furnishing Information on
THIS FORM

KEVIN V. RYAN

☒ U.S. Att'y ☐ Other U.S. Agency

Name of Asst. U.S. Att'y
(if assigned)

Haywood S. Gilliam, Jr.

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT -

Mary Ann Locke, a/k/a Mary Ann Diaz

DISTRICT COURT NUMBER

CR 05 00542
CRB

DEFENDANT

IS NOT IN CUSTODY

1) ☒ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction

6) ☐ Awaiting trial on other charges

☐ Fed'l ☐ State

If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No

If "Yes" give date filed

DATE OF
ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED
TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☒ SUMMONS ☐ NO PROCESS*

☐ WARRANT Bail Amount: _____

If Summons, complete following:

☒ Arraignment ☐ Initial Appearance

Defendant Address:

1989 Johnston Avenue
San Jose, CA 95125

*Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: August 29, 2005 9:30am

Before Judge: Honorable Bernard Zimmerman

Comments:

ATTACHMENT TO PENALTY SHEET

Count One:

Ten years imprisonment
\$250,000 fine
Three years supervised release
\$100 special assessment

Count Two:

Five years imprisonment
\$250,000 fine
Three years supervised release
\$100 special assessment

Counts Three through Seven:

Five years imprisonment
\$250,000 fine
Three years supervised release
\$100 special assessment

Counts Eight through Ten:

Ten years imprisonment
Fine of \$250,000 or not more than twice the amount of the criminally derived property involved
in the transaction
Three years supervised release
\$100 special assessment

KEVIN V. RYAN (CASBN 118321)
United States Attorney

FILED
05 AUG 24 PM 4:18
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

E-Filing

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

CRB

CR 05 00542

UNITED STATES OF AMERICA,

Plaintiff,

v.

MARY ANN LOCKE,
a/k/a Mary Ann Diaz,

Defendant.

VIOLATIONS: 18 U.S.C. § 1033 – Crimes
by Person Engaged in Business of Insurance;
18 U.S.C. § 1343 – Wire Fraud;
18 U.S.C. § 1957 – Money Laundering;
18 U.S.C. § 2 – Aiding and Abetting;
18 U.S.C. § 981(a)(1)(C) – Criminal
Forfeiture

SAN FRANCISCO VENUE

INDICTMENT

The Grand Jury charges:

Introductory Allegations

At all times relevant to the charges set forth in this Indictment:

A. The Defendant and the Wersching Agency

1. Defendant MARY ANN LOCKE, also known as Mary Ann Diaz, worked at the Ray Wersching Insurance Agency (the “Wersching Agency”) located in Redwood City, California. Raimund Wersching was the owner of the Wersching Agency, and was appointed an agent of the Farmers Insurance Group of Companies (“Farmers”) in February 1995. Wersching hired LOCKE as an employee of the Agency on or about March 1, 1995. In 1996, Wersching

INDICTMENT

1 granted LOCKE a fifty-percent ownership interest in the Wersching Agency and an associated
2 corporation named Ray Wersching, Incorporated (the "Wersching Corporation"). LOCKE
3 remained employed by the Wersching Agency until January of 2001.

4 2. The Wersching Agency maintained account number 04138-05143 (the
5 "Wersching Trust Account") and account number 00327-20865 (the "Association Account") at
6 Bank of America. LOCKE and Wersching were the only signatories on each of these accounts.

7 3. On December 24, 1992, LOCKE was convicted in Alameda County Superior
8 Court of forgery in violation of California Penal Code Section 470, a felony. LOCKE was
9 charged with grand theft and embezzlement from Superior National Insurance, as well as fifteen
10 counts of forgery. LOCKE pled *nolo contendere* to a forgery count which charged that on or
11 about November 23, 1988, she "did then and there with intent to defraud, sign the name of
12 another person, or a fictitious person, knowing that . . . she had no authority so to do."

13 4. On June 4, 1993, LOCKE was sentenced to a five-year term of probation, with
14 one condition being that LOCKE was "not to engage in any insurance business."

15 B. Farmers' Requirements Regarding Handling of Premium by Agencies

16 5. Under the terms of Wersching's Agent Appointment Agreement with Farmers,
17 Wersching agreed to "collect[] and promptly remit monies due" to Farmers.

18 6. Farmers' policies and procedures required the Wersching Agency to promptly
19 report to Farmers all premiums collected by the Agency on Farmers' behalf, and to promptly
20 remit all such premiums to Farmers.

21 COUNT ONE (18 U.S.C. § 1033(b)(1)(B) – Willful Embezzlement and Misappropriation of
22 Insurance Funds; 18 U.S.C. § 2 – Aiding and Abetting)

23 7. Paragraphs 1 through 6 are realleged and incorporated here as if they were set
24 forth in full.

25 //

26 //

27 //

28 //

8. Beginning on a date unknown to the grand jury, but no later than April 1997 and continuing to on or about January 2001, within the Northern District of California and elsewhere, the defendant

MARY ANN LOCKE,
a/k/a Mary Ann Diaz,

being engaged in the business of insurance whose activities affected interstate commerce and being involved (other than as an insured or beneficiary under a policy of insurance) in a transaction relating to the conduct of affairs of such a business, did willfully embezzle, abstract, purloin and misappropriate the moneys, funds, premiums and other property of a person engaged in the business of insurance, in violation of Title 18, United States Code, Sections 1033(b)(1)(B) and 2, as follows:

9. LOCKE embezzled and misappropriated, and caused to be embezzled and misappropriated, over \$456,000 of premiums belonging to Farmers in 1997; over \$1.2 million in such premiums in 1998; over \$3 million in such premiums in 1999; and over \$3.4 million in such premiums in 2000, all by failing to remit and causing these premiums not to be remitted to Farmers as required by Wersching's appointment agreement with Farmers and Farmers' policies and procedures.

COUNT TWO: (18 U.S.C. § 1033(e)(1)(A) – Willful Participation in Business of Insurance Following Felony Conviction Involving Dishonesty)

10. Paragraphs 1 through 9 are realleged and incorporated here as if they were set forth in full.

11. Beginning on or about March 1, 1995 and continuing to on or about January 2001, within the Northern District of California and elsewhere, the defendant

MARY ANN LOCKE,
a/k/a Mary Ann Diaz,

being an individual who had been convicted of a criminal felony involving dishonesty and breach of trust, to wit: forgery, did willfully engage in the business of insurance whose activities affected interstate commerce, and did participate in such business, in violation of Title 18, United States Code, Section 1033(e)(1)(A).

1 COUNTS THREE THROUGH SEVEN: (18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 2 –
2 Aiding and Abetting)

3 12. Paragraphs 1 through 11 are realleged and incorporated here as if they were set
4 forth in full.

5 The Scheme to Defraud

6 It was part of the scheme to defraud that:

7 13. LOCKE, on behalf of the Wersching Corporation, discussed policy terms and
8 premium amounts for existing or potential Farmers clients with employees of AON Risk
9 Services.

10 14. LOCKE then directed AON personnel to wire transfer premium payments on
11 behalf of Farmers' clients to the Wersching Agency Trust or Association accounts.

12 15. Rather than forwarding these premium payments to Farmers on behalf of the
13 clients making the payments, as required by Wersching's appointment agreement and Farmers'
14 policies and procedures, LOCKE failed to remit and caused not to be remitted these premiums.

15 16. LOCKE diverted a significant portion of these premium payments to her own
16 personal use, including the purchase of cashier's checks to pay debts owed by LOCKE to several
17 casinos.

18 17. On or about the dates set forth below, in the Northern District of California and
19 elsewhere, the defendant

20 MARY ANN LOCKE,
21 a/k/a Mary Ann Diaz,

22 having devised and intended to devise a material scheme and artifice to defraud and to obtain
23 money by means of materially false and fraudulent pretenses, representations and promises, did
24 for the purpose of executing and attempting to execute such scheme knowingly make and cause
25 to be made the following interstate wire communications:

26 //

27 //

28 //

Count	Date	Amount and Description of Wire Communication
Three	August 31, 2000	\$499,603.20 wire transfer from AON Risk Services to Trust Account
Four	October 16, 2000	\$112,500 wire transfer from Cananwill, Inc. to Trust Account
Five	October 31, 2000	\$42,300 wire transfer from Cananwill, Inc. to Trust Account
Six	November 3, 2000	\$70,796.85 wire transfer from AON Risk Services to Trust Account
Seven	December 18, 2000	\$94,145.40 wire transfer from Cananwill, Inc. to Association Account

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS EIGHT THROUGH TEN: (18 U.S.C. § 1957(a) – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity)

18. Paragraphs 1 through 17 are realleged and incorporated here as if they were set forth in full.

19. On or about the dates set forth below, in the Northern District of California and elsewhere, the defendant

MARY ANN LOCKE,
a/k/a Mary Ann Diaz,

did knowingly engage in monetary transactions in criminally derived property of a value greater than \$10,000 and derived from specified unlawful activities, to wit: wire fraud, in violation of Title 18, United States Code, Section 1343, as follows:

Count	Date	Description of Monetary Transaction	Amount of Criminally Derived Property
Eight	September 7, 2000	\$225,000 payment to Bank of America by means of check drawn on Trust Account	\$125,541.16
Nine	September 7, 2000	Purchase of \$60,000 cashier's check from Bank of America, payable to Silver Legacy Casino	\$50,541.16
Ten	September 7, 2000	Purchase of \$75,000 cashier's check from Bank of America, payable to El Dorado Casino	\$75,000

All in violation of Title 18, United States Code, Section 1957(a).

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461(c))

20. Paragraphs 1 through 19 are realleged and incorporated here as if they were set forth in full.

21. Upon a conviction of the offenses alleged in Counts Three through Seven above,
MARY ANN LOCKE,
a/k/a Mary Ann Diaz,
defendant, shall forfeit to the United States a sum not less than \$819,345, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), as property that constitutes and is derived from proceeds obtained as a result of said offenses.

22. If, as a result of any act or omission of the defendant, any of said property

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which, without difficulty cannot be subdivided;

any and all interest defendant has in any other property, not to exceed the value of the property subject to forfeiture, shall be forfeited to the United States, pursuant to 21 U.S.C. § 853(a)(1) and (p).

DATED: 8/23/05

A TRUE BILL.

FOREPERSON

KEVIN V. RYAN
United States Attorney

MILES F. EHRLICH
Acting Chief, Criminal Division

(Approved as to form: H.S. Gilliam, Jr.)

AUSA Gilliam

INDICTMENT